

Synopsis

Several school districts have recently signed lease-to-own agreements in order to build new school buildings, pay for them over a 20 year period and ultimately own the building with the required Referendum. Other districts will soon jump on the bandwagon, in effect ignoring the taxpayers' right to say Yes or no. The purpose of this bill is to clarify the text in Sec. 10-22.12. Lease of property for school purposes & Sec. 10-22.36. Buildings for school purposes so that the text must be interpreted the way it was explained in 2001 when the term "lease" was added to Sec. 10-22.36

Changes proposed to make it clear that the "lease" was never intended to be lease to own, as a way of avoiding a referendum. See House, transcript from the vote that put this language in. On pages 49-52 in <http://ilqa.gov/house/transcripts/htrans92/t050101.pdf>

(105 ILCS 5/10-22.36) (from Ch. 122, par. 10-22.36)

Sec. 10-22.36. Buildings for school purposes. To build or purchase a building for school classroom or instructional purposes upon the approval of a majority of the voters upon the proposition at a referendum held for such purpose or in accordance with Section 17-2.11, 19-3.5, or 19-3.10. The board may initiate such referendum by resolution. The board shall certify the resolution and proposition to the proper election authority for submission in accordance with the general election law.

The questions of building one or more new buildings for school purposes or office facilities, and issuing bonds for the purpose of borrowing money to purchase one or more buildings or sites for such buildings or office sites, to build one or more new buildings for school purposes or office facilities or to make additions and improvements to existing school buildings, may be combined into one or more propositions on the ballot.

Before erecting, or purchasing or remodeling such a building the board shall submit the plans and specifications respecting heating, ventilating, lighting, seating, water supply, toilets and safety against fire to the regional superintendent of schools having supervision and control over the district, for approval in accordance with Section 2-3.12.

Notwithstanding any of the foregoing, no referendum shall be required if the purchase, construction, or building of any such building ~~(1) occurs while the building is being leased by the school district or (2) is paid with (A) funds derived from the sale or disposition of other buildings, land, or structures of the school district or (B) funds received (i) as a grant under the School Construction Law or (ii) as gifts or donations, provided that no funds to purchase, construct, or build such building, other than lease payments, are derived from the district's~~

bonded indebtedness or the tax levy of the district. **Money derived from the district's bonded indebtedness or the tax levy of the district may be used to lease an existing building prior to purchasing it so that the district may take occupancy prior to the title transfer. The lesser of 1 year of already paid lease payments or 5% of the building price may be applied to the purchase price. Lease to purchase agreements may not be used to avoid a referendum.**

Notwithstanding any of the foregoing, no referendum shall be required if the purchase, construction, or building of any such building is paid with funds received from the County School Facility Occupation Tax Law under Section 5-1006.7 of the Counties Code or from the proceeds of bonds or other debt obligations secured by revenues obtained from that Law.

(105 ILCS 5/10-22.12) (from Ch. 122, par. 10-22.12)

Sec. 10-22.12. Lease of property for school purposes. To lease, for a period not exceeding 99 years, any building, rooms, grounds and appurtenances to be used by the district for the use of schools or for school administration purposes; and to pay for the use of such leased property in accordance with the terms of the lease. The board shall not make or renew any lease for a term longer than 10 years, nor alter the terms of any lease whose unexpired term may exceed 10 years without the vote of 2/3 of the full membership of the board.

(Source: P.A. 80-1044.)

in accordance with Sec. 10-22.36, Lease to purchase agreements may not be used to avoid a referendum. Nor shall any lease agreement be signed for any building that is not yet complete.